

FEDERAL INCOME TAXES

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	<u>ACTUAL DATA</u>	<u>DATA SOURCE</u>	<u>DESCRIPTION</u>	<u>ARMIS 43-04</u>
1.	0.474743	PAGE 2.1, LINE 26	SEE RETURN ON INVESTMENT CALCULATION	
2.	409,016,000	ISAACS	COE SWITCH INVESTMENT	ROW 1410/COL J
3.	3,057,000	ISAACS	LONG TERM PLANT UNDER CONSTRUCTION	ROW 2192/COL J
4.	472,892,505	ISAACS	TPIS LESS TANGIBLE ASSETS	ROW 1540/COL J
5.	0.006464	LINE 3 / LINE 4		
6.	2,880,000	ISAACS	CASH WORKING CAPITAL	ROW 2230/COL J
7.	0.006090	LINE 6 / LINE 4		
8.	3,638,000	ISAACS	MATERIALS AND SUPPLIES	ROW 2224/COL J
9.	0.007693	LINE 8 / LINE 4		
10.	(3,130,000)	ISAACS	FCC INVESTMENT ADJUSTMENT	ROW 2250/COL J
11.	-0.006619	LINE 10/ LINE 4		
12.	27,358,000	ISAACS	RESERVES - GENERAL SUPPORT FACILITIES	ROW 3010/COL J
13.	63,876,000	ISAACS	GENERAL SUPPORT INVESTMENT	ROW 1004/COL J
14.	0.428299	LINE 12/ LINE 13		
15.	5,641,000	ISAACS	DEFERRED TAXES - GENERAL SUPPORT	ROW 3350/COL J
16.	0.088312	LINE 15/ LINE 13		

FEDERAL INCOME TAXES - CONTINUED

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	<u>ACTUAL DATA</u>	<u>DATA SOURCE</u>	<u>DESCRIPTION</u>	<u>ARMIS 43-04</u>
17.	367,000	ISAACS	CUSTOMER DEPOSITS	ROW 3422/COL J
18.	2,560,000	ISAACS	ACCUMULATED AMORTIZATION	ROW 3230/COL J
19.	4,455,000	ISAACS	TANGIBLE ASSETS	ROW 2150/COL J
20.	0.574635	LINE 18/LINE 19		
22.	0.425365	1 - LINE 20		
23.	5,321,000	ISAACS	FCC RESERVE ADJUSTMENT	ROW 3421+3423/COL J
24.	0.012028	$((L17/L4) + (L23/L4))$		
25.	0.484990	$((1+L5+L7+L9+L11) - (L14+L16+L24))$		
26.	227,051,735	$(L1 * L2) + (L19 * L22) + (L13 * L25)$		
27.	7,004,818	ISAACS	FEDERAL INCOME TAX	
28.	0.014646	$((L2 * L1) / L26) * L27 / L2$	CARRYING CHARGE FACTOR	

Line Information Data Base

Validation Cost

	INV PER BH CALL	INV PER CALL *	CURRENT CCF	DIR COST PER CALL	IND OVHD	FULLY DIST
SCP	\$49.21127	\$0.01961	0.274282	\$0.00538	\$0.00404	0.00942

\* IT IS ASSUMED THAT THERE ARE 251 EFFECTIVE DAYS IN A YEAR.  
THE BUSY HOUR TO DAY RATIO IS 10%.

DBAS/DBAC EXPENSES	PER QUERY
DBAS COMPUTER EXPENSE	\$0.00049
DBAS COMPUTER CONTRACTS	\$0.00001
DBAS DEVELOPMENT	\$0.00205
DBASII FIELD IMPLEMENTATION AND SUPPORT	\$0.00060
DBAC ADMIN	\$0.00324
TOTAL	\$0.00639
TOTAL VALIDATION DIRECT COST	\$0.01176
TOTAL VALIDATION FULLY DISTRIBUTED COST	\$0.01581

Line Information Data Base

Transport Costs

	INV PER BH CALL	INV PER CALL *	CURRENT CCF	DIR COST PER CALL	IND OVHD	FULLY DIST
DIGITAL CIRCUIT	\$1.464750	\$0.00058	0.273460	\$0.00016	\$0.00012	0.00028
OSP - UNDERGROUND	\$0.006311	\$0.00000	0.273460	\$0.00000	\$0.00000	0.00000
OSP - CONDUIT	\$0.004289	\$0.00000	0.273460	\$0.00000	\$0.00000	0.00000
 TOTAL TRANSPORT COSTS						 0.00028

\* IT IS ASSUMED THAT THERE ARE 251 EFFECTIVE DAYS IN A YEAR.  
THE BUSY HOUR TO DAY RATIO IS 10%.

Line Information Data Base

Unit Costs	Factors	
	Local Switch	TP – C & W
Direct		
1 Depreciation	0.095227	0.064287
2 Return on Investment	0.057392	0.061869
3 Taxes (FIT)	0.014941 *	0.017363 *
4 Maintenance	0.050907	0.078141
5 Administration	0.005830	0.005227
6 Other	0.049985	0.046573
7 Total Direct	0.274282	0.273460
8 Indirect Overhead	0.206048	0.213946
9 Total Direct and Indirect (lines 7 and 8)	0.480330	0.487406

\* For LIDB, the tax factor is a weighted factor based on the proportion of the LIDB costs that will be billed to New England Telephone for its use of the investment.

Local Switch Tax Factor

NET tax factor =  $.014646 * .33 = .004833$

NYT tax factor =  $.015315 * .66 = .010108$

Weighted tax factor                      0.014941

TP – C & W Tax Factor

NET tax factor =  $.019031 * .33 = .006281$

NYT tax factor =  $.016792 * .66 = .011082$

Weighted tax factor                      0.017363

Line Information Data Base

Cost per Query

Rate Element -----	Year 1 -----	Year 2 -----	Year 3 -----
LIDB Transport – Recurring	\$0.00016	\$0.00016	\$0.00016
LIDB Validation – Recurring	\$0.01176	\$0.01176	\$0.01176
LIDB Establishment – Nonrecurring	\$98.00	\$98.00	\$98.00

Line Information Data Base

Annual Costs

Rate Element -----	Year 1 -----	Year 2 -----	Year 3 -----
LIDB Transport – Recurring	\$32,000	\$31,520	\$30,880
LIDB Validation – Recurring	\$2,352,000	\$2,316,720	\$2,269,680
LIDB Establishment – Nonrecurring	\$32,928	\$1,960	\$980

Line Information Data Base  
Net Revenue Test

Rate Element – Transport -----	Year 1 -----	Year 2 -----	Year 3 -----
LIDB Transport – Annual Revenue	\$144,000	\$141,840	\$138,960
LIDB Transport – Annual Costs	\$32,000	\$31,520	\$30,880
Net Revenue	\$112,000	\$110,320	\$108,080
Present Value *	\$112,000	\$98,505	\$86,161
Rate Element – Validation -----			
LIDB Validation – Annual Revenue	\$7,856,000	\$7,738,160	\$7,581,040
LIDB Validation – Annual Costs	\$2,352,000	\$2,316,720	\$2,269,680
Net Revenue	\$5,504,000	\$5,421,440	\$5,311,360
Present Value *	\$5,504,000	\$4,840,804	\$4,234,216
Rate Element – Non-recurring -----			
LIDB Validation – Annual Revenue	\$32,928	\$1,960	\$980
LIDB Validation – Annual Costs	\$32,928	\$1,960	\$980
Net Revenue	\$0	\$0	\$0
Present Value *	\$0	\$0	\$0

\* Present Value Factors (present worth at 12% cost of money):  
Year 1 = 1, Year 2 = .8929, Year 3 = .7972

Line Information Data Base

Ratio of Direct Unit Cost to Unit Investment and Direct Unit Cost to Rate

Ratios	Transport	Validation
1 Direct Query Recurring Costs (DC)	0.00016	0.01176
2 Total Unit Investment (DI)	0.00058	0.01961
3 Query Rate	0.00072	0.03928
4 Ratio of DC/DI	0.27586	0.59969 *
5 Ratio of DC/Rate	0.22222	0.29939

\* VALIDATION DIRECT COSTS INCLUDE NON-INVESTMENT RELATED EXPENSES WHICH DISTORTS THE DC/DI RATIO.

NTC CCSA

STP PORT COSTS

	(A) WEIGHTED INVESTMENT/PORT	(B) DIRECTLY ASSIGNED CCF(1)	(C=A*B/12) DIRECT MONTHLY COST	(D) INDIRECT OVERHEAD CCF(1)	(E=A*D/12) INDIRECT MONTHLY COST	(F=C+E) FULLY ASSIGNED MONTHLY COST
NET						
MAINE	\$1,902.02	0.240500	\$38.12	0.135749	\$21.52	\$59.64
NEW HAMPSHIRE	\$2,282.43	0.240500	\$45.74	0.135749	\$25.82	\$71.56
RHODE ISLAND	\$1,521.62	0.240500	\$30.50	0.135749	\$17.21	\$47.71
VERMONT	\$1,521.62	0.240500	\$30.50	0.135749	\$17.21	\$47.71
EASTERN MA.	\$4,559.26	0.240500	\$91.38	0.135749	\$51.58	\$142.96
WESTERN MA.	\$1,902.02	0.240500	\$38.12	0.135749	\$21.52	\$59.64
TOTAL	\$13,688.97		\$274.36		\$154.86	\$429.22

	(A) WEIGHTED INVESTMENT/PORT	(B) * DIRECTLY ASSIGNED CCF(1)	(C=A*B/12) DIRECT MONTHLY COST	(D) * INDIRECT OVERHEAD CCF(1)	(E=A*D/12) INDIRECT MONTHLY COST	(F=C+E) FULLY ASSIGNED MONTHLY COST
NYT						
ALBANY	\$1,591.92	0.274656	\$36.44	0.206048	\$27.33	\$63.77
BUFFALO	\$1,591.92	0.274656	\$36.44	0.206048	\$27.33	\$63.77
BINGHAMTON	\$1,591.92	0.274656	\$36.44	0.206048	\$27.33	\$63.77
METRO #1	\$6,648.30	0.274656	\$152.17	0.206048	\$114.16	\$266.33
METRO #2	\$4,432.20	0.274656	\$101.44	0.206048	\$76.10	\$177.54
POUGHKEEPSIE	\$1,591.92	0.274656	\$36.44	0.206048	\$27.33	\$63.77
SYRACUSE	\$1,591.92	0.274656	\$36.44	0.206048	\$27.33	\$63.77
TOTAL	\$19,040.10		\$435.81		\$326.93	\$762.74

L1. NET PORT DIRECT COST = \$274.36  
 L2. NET WEIGHTED PERCENT 0.17 (2)  
 L3. (L1\*L2) \$46.64

L4. NYT PORT DIRECT COST = \$435.81  
 L5. NYT WEIGHTED PERCENT 0.83 (2)  
 L6. (L3\*L4) \$361.72

TOTAL PORT COST = \$408.36  
 (L3+L6)

- (1) CARRYING CHARGE FACTOR USED TO DEVELOP COSTS  
 (2) WEIGHTED DEMAND PERCENTAGES FOR NET AND NYT USED TO DEVELOP UNIFIED RATE

\* NYT CCF ARE CORRECTED FACTORS WHICH DIFFER FROM THE ORIGINAL CCSA FILING

ATTACHMENT B  
 EXHIBIT 6  
 PAGE 1

CCSA  
Local Switch  
Factors

ATTACHMENT B  
EXHIBIT 6  
PAGE 2

Unit Costs -----	New England -----	New York -----
Direct		
Depreciation	0.101515	0.095227
Return on Investment	0.053409	0.057392
Taxes (FIT)	0.014646	0.015315
Maintenance	0.053565	0.050907
Administration	0.006102	0.005830
Other	0.011263	0.049985
Total Direct	0.240500	0.274656
Indirect Overhead	0.135749	0.206048
Total Direct and Indirect (lines 7 and 8)	0.376249	0.480704